NEWCASTLE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	2009 R	2008 R *Restated*
NET ASSETS AND LIABILITIES			
Net assets		**412 408 157**	**282 079 466**
Housing Development Fund	2	25 690 135	20 955 765
Capitalisation reserve		82 604 570	82 604 569
Government grant reserve		86 261 788	56 662 567
Self-insurance reserve		6 008 189	5 239 879
Accumulated Surplus/(Deficit)		211 843 476	116 616 686
Non-current liabilities		**136 142 947**	**116 439 170**
Long-term liabilities	3	71 387 341	61 337 600
Non-current provisions	4	64 755 606	55 101 570
Current liabilities		**171 132 587**	**149 522 083**
Consumer deposits	5	10 507 586	9 478 841
Provisions	6	3 360 357	4 442 006
Creditors	7	61 052 232	55 413 407
Unspent conditional grants and receipts	8	57 943 451	49 549 758
VAT	9	31 488 564	24 495 519
Short-term loans		-	0
Bank overdraft		-	0
Current portion of long-term liabilities	3	6 780 397	6 142 553
Total Net Assets and Liabilities		***719 683 691***	***548 040 720***
ASSETS			
Non-current assets		**243 319 423**	**222 865 275**
Property, Plant and Equipment	10	237 914 411	215 800 097
Investment property		-	-
Investments	11	-	-0
Investment in associate		-	-
Long-term receivables	12	5 405 012	7 065 178
Current assets		**476 364 268**	**325 175 445**
Inventory	14	5 353 830	5 198 147
Consumer debtors	15	64 710 207	47 287 923
Other debtors	16	20 472 607	7 723 443
Current portion of long-term receivables	12	19 773 698	18 864 939
Call investment deposits	17	357 583 150	228 859 882
Bank balances and cash	18	8 470 777	17 241 111
Total Assets		***719 683 691***	***548 040 720***

NEWCASTLE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2 008 R
REVENUE			
Property rates	19	158 959 934	145 960 972
Property rates - penalties imposed and collection charges		4 463 741	3 352 677
Service charges	20	448 022 557	368 598 919
Regional Services Levies – turnover		0	-
Regional Services Levies – remuneration		0	-
Rental of facilities and equipment		3 560 912	3 549 259
Interest earned - external investments		32 220 128	17 458 708
Interest earned - outstanding debtors		1 464 475	1 113 588
Dividends received		0	-
Fines		3 852 919	4 451 578
Licences and permits		202 789	227 044
Income for agency services		50 353	48 785
Government grants and subsidies	21	185 576 076	146 186 933
Other income	22	2 167 627	2 290 066
Public contributions and donations		0	-
Gains on disposal of property, plant and equipment		0	109 100
Total Revenue		**840 541 510**	**693 347 629**
EXPENDITURE			
Employee related costs	23	130 717 461	115 953 493
Remuneration of Councillors	24	13 174 758	11 715 080
Bad debts		104 227 317	85 392 914
Collection costs		6 333 146	6 030 785
Depreciation		17 459 235	22 977 553
Repairs and maintenance		53 459 877	33 155 992
Interest paid	25	12 299 881	8 509 863
Bulk purchases	26	166 031 719	127 538 606
Contracted services		1 251 725	1 211 816
Grants and subsidies paid	27	45 900 414	25 217 796
General expenses		217 149 755	206 111 095
Impairment Loss on Investment - Uthukela Water		0	37 865 822
Total Expenditure		**768 005 287**	**681 680 815**
SURPLUS/(DEFICIT)		**72 536 223**	**11 666 814**
Share of surplus or (deficit) accounted for under the equity method		0	-
SURPLUS/(DEFICIT) FOR THE YEAR		**72 536 223**	**11 666 814**

NEWCASTLE LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Self- Insurance Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R	R	R	R	R
2008							
Opening Balance	**18 815 934**	**-**	**95 828 284**	**54 829 520**	**5 830 749**	**98 500 521**	**273 805 008**
Surplus/(deficit) for the year						11 666 814	11 666 814
Adjustment for Land and Buildings removed from the asset register from findings in 2007/2008 audit						-8 983 429	-8 983 429
Transfer to CRR							-
PPE purchased				8 868 013			8 868 013
Net results of accumulated surplus analysis						10 642 194	10 642 194
Donated/contributed PPE							-
Contribution to Insurance Reserve					503 899		503 899
Insurance claims processed					-1 094 770		-1 094 770
Transfer to Housing Development Fund	2 139 831						2 139 831
Asset disposals				-1 737 410			-1 737 410
Offsetting of depreciation			-8 433 129	-5 297 557			-13 730 686
Balance at 30 June 2008	**20 955 765**	**-**	**87 395 155**	**56 662 566**	**5 239 879**	**111 826 100**	**282 079 465**
Asset Disposals _- Land and Buildings			-4 790 586			4 790 586	-
							-
Restated Balance 30 June 2008	**20 955 765**	**-**	**82 604 569**	**56 662 566**	**5 239 879**	**116 616 686**	**282 079 465**
							-
Surplus/(deficit) for the year						72 536 223	72 536 223
							-
PPE purchased				29 599 222			
Net results of accumulated surplus analysis						22 690 567	
Contribution to Insurance Reserve		-	1		768 310		768 311
Transfer to Housing Development Fund	4 734 370						
							-
							-
Closing Balance 30 June 2009	**25 690 135**		**82 604 570**	**86 261 788**	**6 008 189**	**211 843 476**	**412 408 157**

NEWCASTLE LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		949 118 657	603 673 552
Cash paid to suppliers and employees		832 017 021	-530 533 612
Cash generated from/(utilised in) operations	28	117 101 635	50 167 980
Dividends received		-	-
Interest received		33 684 603	18 572 296
Interest paid	25	-12 299 881	-8 509 863
NET CASH FROM OPERATING ACTIVITIES		**138 486 358**	**60 230 413**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-41 484 440	-27 868 498
Proceeds on disposal of property, plant and equipment		1 910 891	14 582 844
Increase in call investments	17	-128 723 268	-139 392 295
(Increase)/decrease in non-current receivables	12	751 408	-13 172 857
Increase in non-current investments	11	0	32 191 934
NET CASH FROM INVESTING ACTIVITIES		**-167 545 409**	**-133 658 872**
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	3	10 687 585	23 987 665
Increase in consumer deposits	5	1 028 745	531 936
Decrease/(increase) in Non current provisions		8 572 387	
NET CASH FROM FINANCING ACTIVITIES		**20 288 717**	**24 519 601**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**-8 770 334**	**-48 908 858**
Cash and cash equivalents at the beginning of the year	29	17 241 111	66 149 969
Cash and cash equivalents at the end of the year		**8 470 777.07**	**17 241 111**

NEWCASTLE MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Accepted Municipal Accounting Practice (GAMAP) and Generally Recognised Accounting Practice (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.The annual financial statements have been prepared on historical cost basis, and incorporate the principle accounting policies set out below.

The standard comprise the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The effect of changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3. These accounting policies and applicable procedure have been based on the South African Statements of Generally Accepted Accounting Practice (SA GAAP) including any interpretations of such Statements issued by the accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the abovementioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African rands.

1.2 GOING CONCERN

The annual financial statements have been prepared on a going concern basis.

1.3 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of Housing Act, Act No.107 of 1970. Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of Housing Act, all proceeds from hosing developments, which include rental income and sales of houses ,must be paid into the Housing Development Fund. Monies standing to the credit of Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the MEC responsible for housing.

1.4 RESERVES

1.4.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus / (deficit) to the CRR in terms of Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank can only be utilised to finance items of property, plant and equipment. The CRR is reduced and accumulated surplus/ (deficit) is credited by the corresponding amount when amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality is based on the municipality's need to finance future capital projects included in the Integrated Development Programme, subject to affordability in the budget process.

Interest earned on CRR investments is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.

The CRR may only be utilised for the purpose of purchasing/construction of items of property, plant and equipment and may not be used for maintenance of these items.

1.4.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds created in terms of various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of accumulated surplus/ (deficit) in terms of a directive issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expense that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property. plant and equipment are depreciated transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plan and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

1.4.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with the directive from National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

1.4.3 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. The Self-Insurance Reserve is reinstated or increased by a transfer from the accumulated surplus/ (deficit). The balance of the self-insurance fund is invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

1.5 PROPERTY , PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in the value of land and buildings is recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Incomplete construction is stated at historic cost. Depreciation only commences when the asset is brought into use. The annual depreciation rates are based on the following estimated asset lives:-

	Years		Years
Buildings	20	**Other**	
		Office equipment	5
Infrastructure		Furniture and fittings	5
Airports	20	Bins and containers	5
Reservoirs and Tanks	20	Emergency equipment	5
Roads	15	Motor Vehicles	5 to 7
Electricity	15	Plant and equipment	5 to 7
Water	15	Other	5
Sewerage	15		
Service connection	15		
Community Assets			
Recreational facilities	5		

Security system	5
Parks and gardens	15
Dams	5 to 15
Cemeteries	5 to 15
Community centres	5 to 20
Libraries	15 to 20

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions (see accounting note policy 4).

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.6 Intangible assets

Cost Model
Intangible assets are carried at cost less any accumulated depreciation.

Computer software is capitalised to the computer equipment where it forms an integral part of a computer equipment.

Servitudes are classified as intangible assets. Rights consist of servitudes. Rights are not depreciated as they have an indefinite useful life.

1.7 INVESTMENTS

1.7.1 Financial Instruments

Financial instruments, which include, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.7.2 Investment in Municipal Entities

Investments in municipal entities under the ownership control and or effective control of Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

1.8 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is weighted average method.

Cost on inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to its present location and condition.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.9 ACCOUNTS RECEIVABLES

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from reporting date are classified as current.

1.10 TRADE CREDITORS

Trade creditors are stated at their fair value.

1.11 REVENUE RECOGNITION

1.11.1 Revenue from Exchange Transaction

Services charged relating to electricity water are based on consumption .Meters are read on a periodic basis and revenue is recognised when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on consumption history. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period. These are areas within the municipality where an un-metered water tariff is applied based on estimated consumption as per promulgated tariffs. Revenue for these is recognised when invoiced.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property with improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Capital Replacement Reserve (CRR), the Housing Development Fund.

Finance income from the sale of housing by way of instalment sales agreements or finance recognised on a time proportion basis.

Dividends are recognised when the Municipality's right to receive payment is established.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or when the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognized.

1.11.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognized on a time proportion basis.

Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognized when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has compiled with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.13 PROVISIONS

Provisions are recognized when the Municipality has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

1.14 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

1.15 LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over cots estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those that do not fall within the scope of the above definition. Operating lease rentals are recognised as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recognised as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.16 EMPLOYEE BENEFITS

1.16.1 Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. The contribution to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. Surcharges are payable monthly in terms of the fund's actuarial valuation and annual reviews. An independed actuarial valuation for these benefits has been performed and recognition and disclosure requirements are fulfilled.

1.16.2 Medical Aid: Continued Members

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member (subject to the applicable conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the municipality for the remaining portion.

These contributions are charges to the operating account when paid. An actuarial has been performed in order to determine the Municipalities future liability and such liability has been recognised in the Municipality's Statement of Financial Position.

1.16.3 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the valuation by an independent actuarial.

1.17 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.18 RELATED PARTY TRANSACTIONS

Waste Works Newcastle

The financial statements of Waste Works Newcastle have not been consolidated into the annual financial statements of Newcastle Local Municipality pending the outcome of the liquidation process. These have been separately prepared and presented.

Councillors and Senior Management

Income from services rendered has not been calculated, however the only received from the Councillors and Senior Management is in terms of the approved Tariff of Charges in line with normal service delivery.

1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Bearers Act (Act No.20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that is made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 COMPARATIVE INFORMATION

1.22.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.22.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for reclassification is disclosed.

1.23 TAXATION

The municipality is exempted from tax returns in terms of section 10 (1) (n) of the income tax act of 1962.

	2009 R	2008 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	**25 690 135**	**20 955 765**
Unappropriated Surplus		11 096 298
Loans extinguished by Government on 1 April 1998	9 859 467	9 859 467
The Housing Development Fund is represented by the following assets and liabilities:		
Property, plant and equipment (see note 10)	-	-
Housing selling scheme loans (see note 12)	-	-
Housing deposits (see note 5)	52 816	55 670
Housing Rental Debtors (see note 15)	966 276	966 276
Investments	16 426 498	11 507 927
Bank and cash	8 244 545	8 425 892
Sub-total	25 690 135	20 955 765
Creditors	-	-
Total Housing Development Fund Assets and Liabilities	**25 690 135**	**20 955 765**
3 LONG-TERM LIABILITIES		
Local Registered Stock Loans-DBSA	78 053 310	66 569 649
Annuity Loans	-	-
Capitalised Lease Liability	114 429	910 504
Government Loans : Other	-	-
Sub-total	**78 167 738**	**67 480 153**
Less : Current portion transferred to current liabilities	**-6 780 397**	**-6 142 553**
Local Registered Stock Loans - DBSA	6 665 968	5 340 536
Annuity Loans	-	-
Capitalised Lease Liability	114 429	802 018
Government Loans : Other	-	-
Total Long Term - External Loans	**71 387 341**	**61 337 600**

Refer to Appendix A for more detail on long-term liabilities

4 NON-CURRENT PROVISIONS		
Provision for reclamation of refuse landfill site	17 103 896	12 491 964
Provision for Post Retirement Benefits	47 651 710	42 609 606
Total Non-Current Provisions	**64 755 606**	**55 101 570**

In terms of the licencing of the landfill refuse site, council will incur rehabilitation costs of R20 million (R16.2 m: 2008) to restore the site at the end of its useful life,
The Provision for Retirement Benefits is based on the report of the independent actuarial valuation presented in August 2008.

The movement in the non-current provisions is reconciled as follows: -	2009 R	2008 R
Provision for reclamation of refuse landfill site		
Balance at beginning of year (non-current and current)	16 695 075	13 157 774
Contributions to provision		512 607
Expenditure incurred	-	-
Increase in provision due to discounting	1 669 507	1 367 038
Transfer to current provisions	-1 260 686	-2 545 455
Balance at end of year	**17 103 896**	**12 491 964**
Provision for post retirement benefits		
Opening Accrued liability	44 506 157	38 980 702
Current Service costs	1 896 551	1 542 899
Contributions (Benefits paid)	-1 345 865	-1 230 524
Actuarial loss / (Gain)		2 148 458
Interest cost	4 694 538	3 064 622
Transfer to current provisions	-2 099 671	-1 896 551
Balance at end of year	**47 651 710**	**42 609 606**

5	**CONSUMER DEPOSITS**		
	Electricity and Water	9 991 172	9 055 128
	Housing	52 816	55 670
	Other	463 598	368 043
	Total Consumer Deposits	**10 507 586**	**9 478 841**
	Guarantees held in lieu of Electricity and Water Deposits	7 780 904	7 780 904
6	**PROVISIONS**		
	Current Portion - Provision for Retirement Benefits	2 099 671	1 896 551
	Current portion - Provision for reclamation of refuse landfill site (see note 4 above)	1 260 686	2 545 455
	Total Provisions	**3 360 357**	**4 442 006**
	The movement in current provisions are reconciled as follows:		
	Current Portion:		
	Balance at beginning of year	4 442 006	1 454 545
	Transfer from non-current		-
	Contributions to provision	-1 081 649	2 987 461
	Expenditure incurred		
	Balance at end of year	**3 360 357**	**4 442 006**

		2009 R	2008 R
7	**CREDITORS**		
	Trade Creditors	22 463 005	22 560 207
	Payments received in advance		-
	Grants and donations on behalf of Uthukela Water	12 090 605	8 980 075
	Other Creditors	14 601 509	13 851 585
	Housing Creditors	-	-
	Staff Leave	11 897 113	10 021 540
	Total Creditors	**61 052 232**	**55 413 407**
8	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
8.1	***Conditional Grants from other spheres of Government***	**57 943 451**	**49 549 758**
	Conditional grants from other spheres of governments	54 033 231	46 832 272
	Other grants receipts	3 910 221	2 717 486
	8.2 Other Conditional Receipts	**-**	**-**
	Developers Contributions – Electricity	-	-
	Public contributions	-	-
	Total Conditional Grants and Receipts	**57 943 451**	**49 549 758**

See Note 21 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized. Refer to Appendix

9	**VAT**		
	VAT payable	**31 488 564**	**24 495 519**
		31 488 564	**24 495 519**

VAT is payable on the receipts basis. Only once payments are received from debtors VAT paid over to SARS.

		2009 R	2008 R
11	**INVESTMENTS**		
	Municipal entities under sole or shared control of the municipality during the year:	**Sole Control**	**% Control**
	Uthukela Water (Pty) Ltd	No	34
	Waste Works Newcastle (an association not for gain incorporated under Section 21 of the Companies Act, 61 of 1973, Reg 2003/007712/08)	Yes	100

The investment in Waste Works Newcastle has not been recognised in the financial statements of Newcastle Municipality as this entity has been dissolved and the investment does not carry underlying value. Further, the financial results and performance of this entity have not been consolidated into the financials of the municipality in line with the requirements of GAMAP 6 (Consolidated Financial Statements and Accounting for Controlled Entities). At the time of presentation of these financial statements the financial position of Waste Works Newcastle had not been finalised and the liquidation process still in progress and therefore the transfer of assets and liabilities into Newcastle financials could not be performed.

		2009 R	2008 R
12	**LONG-TERM RECEIVABLES**		
	Land Sales	2 868 956	12 710 421
	Car Loans	-	46 502
	Staff Housing Loans	210	5 674
	Study Loans and bursaries	36 101	146 868
	Loan to Municipal Entity - Uthukela Water	5 438 765	6 086 735
	Housing selling scheme loans	-	-
	DBSA Loans	16 834 677	17 169 538
	Less: Land Sales Cancelled		-10 235 620
	Less : Current portion transferred to current receivables	-19 773 698	-18 864 939
	Land Sales	2 188 599	890 736
	Car loans	-	46 502
	Staff Housing Loans	210	5 332
	Staff Loans and Bursaries	36 101	143 272
	Loan to Municipal Entity - Uthukela Water	714 110	609 559

DBSA Loans	16 834 677	17 169 538
Total Receivables	**5 405 012**	**7 065 178**
	5 405 012	7 065 178

CAR LOANS

Staff who participate in the car allowance scheme were entitled to car loans, attracting interest at 8% per annum and repayable over a maximum period of five years. In terms of the MFMA, No 56 of 2003, no new loans have been granted since July 2006.

LAND SALES

Public purchasing of property from the Council were able to settle the purchase price over a period of twelve months at the prime interest rate of Council's bankers at the date of purchasing the property. These loans are no longer allowed in terms of the MFMA, No 56 of 2003, and all property is now sold for payment to be effected on or before date of registration of transfer. The transaction is initiated when the sale agreement is signed and finalised on date of registration of transfer in the purchaser's name when full payment of the purchase price is effected.

STUDY LOANS

Dependants of staff were entitled to a low interest loan for study purposes. Since July 2004, new agreements have not been concluded due to the requirements of the MFMA, No 56 of 2003. The agreements concluded prior to 01 July 2004 are the only transactions still being processed.

LOANS TO MUNICIPAL ENTITY

The loan to the Municipal Entity (Uthukela Water) was obtained from the Development Bank of Southern Africa and is for the installation of water meters in the areas previously having none. The loan is repayable by the entity on the same terms and conditions as imposed by the Development Bank of Southern Africa on the Municipality.

HOUSING SELLING SCHEME LOANS

Housing loans were granted to qualifying individuals in terms of the Housing Act, No. 107 of 1997. These loans attract interest at 13.5% per annum and are repayable over thirty years. No new loans have been granted since 01 July 2004.

13 *INTANGIBLE ASSETS*

Servitudes are disclosed in Property Plant and Equipment. It has been the municipality's policy to capitalise servitudes to projects which are currently disclosed as infrastructure costs. Computer Software has been shown as other assets in Appendix B.

14 INVENTORY	2009 R	2008 R
Consumable stores – at cost	**5 353 830**	**5 198 147**

15 CONSUMER DEBTORS	Gross Balances	Provision for Bad Debts	Net Balances
As at 30 June 2009			
Service debtors	**393 550 569**	**343 875 945**	**49 674 624**
Rates	116 091 832	101 612 320	14 479 512
Electricity	12 782 801	3 569 124	9 213 678
Water	133 870 994	119 908 301	13 962 693
Sewerage	71 123 087	63 956 754	7 166 333
Refuse	59 681 855	54 829 446	4 852 409
VAT and Sundry Services	43 554 812	40 515 336	3 039 477
Bulk Accounts	10 080 081		10 080 081
Sundry Debtors	2 571 325	792 887	1 778 438
Housing rentals	853 806	716 220	137 586
Total	**450 610 593**	**385 900 387**	**64 710 206**
As at 30 June 2008			
Service debtors	292 336 278	256 550 308	35 785 970
Rates	95 421 290	88 184 316	7 236 974
Electricity	9 926 280	3 131 426	6 794 854
Water	89 463 855	78 034 813	11 429 042
Sewerage	46 577 035	40 413 379	6 163 656
Refuse	50 947 818	46 786 374	4 161 444
VAT and Sundry Services	33 328 432	32 317 667	1 010 765
Bulk Accounts	7 740 617		7 740 617
Sundry Debtors	3 595 488	1 108 695	2 486 793
Housing rentals	966 276	702 498	263 778
Total	**337 967 091**	**290 679 168**	**47 287 923**

	2009 R	2008 R
Rates: Ageing		
Current (0 – 30 days)	10 166 766	9 020 267
31 - 60 Days	4 312 746	3 169 209
61 - 90 Days	4 018 178	3 306 278
91 - 120 Days	3 787 864	3 004 930
121 - 365 and more	93 806 278	76 920 607
Total	**116 091 832**	**95 421 290**
(Electricity, Water, Sewerage and Refuse): Ageing		
Current (0 – 30 days)	23 470 154	19 032 385
31 - 60 Days	11 724 959	9 516 610
61 - 90 Days	10 282 072	8 542 931
91 - 120 Days	10 827 913	8 389 019
121 - 365 and more	221 153 640	151 434 043
Total	**277 458 737**	**196 914 988**

	2009 R	2008 R
VAT and Sundry: Ageing		
Current (0 – 30 days)	923 951	-817 795
31 - 60 Days	2 115 526	1 828 561
61 - 90 Days	1 864 086	1 717 407
91 - 120 Days	1 995 601	1 767 515
121 - 365 and more	36 655 649	28 832 745
Total	**43 554 812**	**33 328 432**

		2009	2008
Housing rentals: Ageing			
Current (0 – 30 days)		-554 735	-509 008
31 - 60 Days		692 320	759 499
61 - 90 Days		584 392	596 010
91 - 120 Days		85 482	85 286
121 - 365 and more		46 346	34 490
Total		**853 806**	**966 276**

Summary of Debtors by Customer Classification	**Consumers**	**Industrial/ Commercial**	**Government Entity**
	R	**R**	**R**
30th June 2009			
Current (0 – 30 days)	34 006 136	10 080 081	2 571 325
31 - 60 Days	18 845 551		
61 - 90 Days	16 748 728		
91 - 120 Days	16 696 860		
121 - 365 and more	351 661 913		
Sub-total	437 959 187	10 080 081	2 571 325
Less: Provision for bad debts	385 107 500	-	792 887
Total debtors by customer classification	**52 851 687**	**10 080 081**	**1 778 438**

Reconciliation of the bad debt provision	**2009**	**2008**
	R	**R**
Balance at beginning of the year	290 679 168	212 289 772
Contributions to provision	95 221 219	78 389 396
Bad debts written off against provision		
Reversal of provision		
Balance at end of year	**385 900 387**	**290 679 168**

16 OTHER DEBTORS	**2009**	**2008**
	R	**R**
Sundry debtors	6 030 992	3 479 130
Other debtors	13 462 837	1 791 727
Debtors suspense	409 737	1 176 743
Receipts in advance		
Insurance	569 041	1 275 843
Total Other Debtors	**20 472 607**	**7 723 443**

17 CALL INVESTMENT DEPOSITS	**2009**	**2008**
Call accounts	293 456 491	170 852 628
Money market	64 126 659	58 007 253
30 Day Deposits	**357 583 150**	**228 859 882**

18 BANK, CASH AND OVERDRAFT BALANCES	**2009**	**2008**
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
First National Bank - Newcastle Branch - Account Number 53140035974		
Cash book balance at beginning of year	16 632 373	64 643 573
Cash book balance at end of year	7 490 070	16 632 373
Bank statement balance at beginning of year	**17 241 111**	**80 405 751**
Bank statement balance at end of year	7 490 070	16 632 373
Other Cash Balances	980 708	608 738
Bank Balances and Cash as at year end	**8 470 777**	**17 241 111**

Refer to Note 29 for total cash and cash equivalents

19 PROPERTY RATES	2009	2008
Actual		
Residential	45 970 003	42 332 091
Commercial	54 726 945	49 809 089
Industrial	6 060 843	5 542 145
Vacant	14 248 066	12 900 253
Rate levies - Madadeni and Osizweni	34 683 020	32 377 838
State	3 271 056	2 999 556
Total Assessment Rates	**158 959 934**	**145 960 972**
Property Valuations		
Residential	62 456 950	62 507 850
Commercial	72 662 070	72 018 350
State	4 822 425	4 822 425
Industrial	7 996 010	7 958 010
Vacant	18 675 360	18 713 360
Total Property Valuations	**166 612 815**	**166 019 995**

Valuations on land and buildings are performed in house every year.

20 SERVICE CHARGES	2009 R	2008 R
Sale of electricity	230 552 770	324 909 438
Sale of water	110 493 331	
Refuse removal	45 115 988	40 442 558
Sewerage and sanitation charges	59 311 989	616 324
Other	2 548 478	2 630 599
Total Service Charges	**448 022 557**	**368 598 919**

21 GOVERNMENT GRANTS AND SUBSIDIES	2009	2008
Equitable share	141 519 159	110 311 191
Conditional Grants: Conditions met - transferred to revenue	43 993 945	35 803 742
Contribution to Township Development	62 972	72 000
Provincial LED Projects		-
Provincial health subsidies		-
MIG Grant		-
Total Government Grant and Subsidies	**185 576 076**	**146 186 933**

21.1 ***Equitable Share***

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members as per the indigent register. Households

21.2 ***Conditional Grants***

Balance unspent at beginning of year	46 832 272	30 428 239
Current year receipts - included in public health vote	47 534 293	54 743 893
Conditions met - transferred to revenue	-40 333 335	-34 586 956
Unspent Conditional Grant for Buildings belonging to Department of Housing		-3 752 904
Conditions still to be met - transferred to liabilities (see note 8)	**54 033 231**	**46 832 272**
	-54 033 231	

These grants are used for capital and operating expenditure

21.3 ***Other grant receipts***

Balance unspent at beginning of year	2 717 487	2 315 084
Current year receipts	3 419 981	413 899
Conditions met - transferred to revenue	-2 227 247	-11 496
Conditions still to be met - transferred to liabilities (see note 8)	**3 910 221**	**2 717 487**
	-3 910 221	

These grants are used for capital and operating expenditure.

21.4 ***Conditional Grants***

Balance unspent at beginning of year	49 549 759	32 743 323
Current year receipts	50 954 274	55 157 792
Less expenditure	-42 560 581	-34 598 452
Unspent Conditional Grant for Buildings that belongs to Department of Housing		-3 752 904
Conditions still to be met - transferred to liabilities (see note 8)	**57 943 451**	**49 549 759**

Refer to Appendix F for more detail on Government Grants and Subsidies

22 OTHER INCOME	2009	2008
Insurance from re-insurance recoveries	-	-
Sale of housing	-	-
Other income	2 167 627	2 290 066
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 36)	-	-
Total Other Income	**2 167 627**	**2 290 066**

23 EMPLOYEE RELATED COSTS	2009 R	2008 R
Employee related costs - Salaries and Wages	92 169 200	79 723 661
Employee related costs - Contributions for UIF, pensions and medical aids	25 804 289	23 814 275
Travel, motor car, accommodation, subsistence and other allowances	901 019	726 617
Housing benefits and allowances	6 295 400	6 383 200
Overtime. Night Work and Standby payments	12 034 927	10 442 143
Leave bonus	6 045 033	5 956 694
Long-service awards	642 351	621 983
Less: Employee costs allocated in Remuneration of Councillors	-13 174 758	-11 715 080
Total Employee Related Costs	**130 717 460.68**	**115 953 493**

There were no advances to employees. Loans to employees are set out in note 12.

For a detail of employee costs related to the Municipal Manager, CFO and individual Executive Directors refer to Annexure A

24 REMUNERATION OF COUNCILLORS	2009	2008
Executive Mayor	554 559	488 970
Deputy Executive Mayor	446 844	386 529
Speaker	446 844	386 529
Mayoral Committee Members- EXCO	3 857 817	2 589 611
Councillors	7 868 694	7 863 441
Councillors' pension contribution = R593,819.88 (2008:R438 157.31) already included in councillor remuneration		
Total Councillors' Remuneration	**13 174 758**	**11 715 080.00**

The salaries, allowances and benefits are within the upper limits envisaged in Section 219 of the Constitution.
In-kind Benefits
The Executive Mayor has use of a Council owned vehicle for official duties and one bodyguard.

25 INTEREST PAID	2009	2008
Long-term liabilities	5 935 836	4 078 203
Consumer deposits	-	-
Non-Current provision	6 364 045	1 367 038
Finance Charges		
Post Retirement Benefits		3 064 622
Total Interest on External Borrowings	**12 299 881**	**8 509 863**

26 BULK PURCHASES	2009	2008
Electricity	166 031 719	127 538 606
Water		
Total Bulk Purchases	**166 031 719**	**127 538 606**

27 GRANTS AND SUBSIDIES PAID	2009	2008
Grant paid - other	28 190 299	8 868 008
Rates Rebates	17 710 116	16 349 788
Total Grants and Subsidies	**45 900 414**	**25 217 796**

28 CASH GENERATED BY OPERATIONS	2009 R	2008 R
Surplus for the year	72 536 223	11 666 814
Adjustment for:-		
Depreciation	17 459 235	22 977 672
Gain (Loss) on disposal of property, plant and equipment		-109 100
Contribution to provisions - non-current		-38 980 702
Contribution to bad debt provision		-
Non-operating income		-
Non-operating expenditure		-
Capital grants used to purchase property, plant and equipment		-
Offsetting of depreciation		-16 058 966
Prior year adjustments	22 690 567	10 642 194
Transfer of water appropriation balances	4 734 370	2 139 831
Write off of VAT		-
Correction of error-Housing Development Fund		36 426
Landfill site provision - Prior year adjustment		-
Opening balance adjustment		-
Consumer adjustments		-8 983 429
VAT adjustments		-
Difference between hand register and computer		-
Adjustment to government grant reserve	29 599 220	8 868 013
Stock adjustments		
Transfer of suspense accounts		
Contributions to Self Insurance Reserve	768 311	
Adjustment for winding up of WRS		-372 629
Dividends received	-	-
Investment income	-33 684 603	-18 572 296
Interest paid	12 299 881	8 509 863
Operating surplus before working capital changes:	**126 403 203**	**-18 236 310**
(Increase)/Decrease in inventories	-155 683	-1 030 507
(Increase)/decrease in debtors	-17 422 284	-2 524 563
(Increase)/decrease in other debtors	-12 749 164	7 639 007
(Decrease)/increase in conditional grants and receipts	8 393 694	18 406 435
(Decrease)/Increase in creditors	5 638 825	-6 578 441
(Decrease)/Increase in provisions		46 385 802
(Decrease)/Increase in VAT	6 993 045	6 106 557
Cash generated by/(utilised in) operations	**117 101 635**	**50 167 980**

29 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	8 470 777	17 241 111
Call investment deposits	357 583 150	228 859 882
Bank overdraft	-	-
Total cash and cash equivalents	**366 053 927**	**246 100 993**

30 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2009 R	2008 R
Long-term liabilities (see Note 3)	78 167 738	67 480 153
Used to finance property, plant and equipment – at cost	-78 167 738	-67 480 153
Sub- total	**-**	**-**
Cash set aside for the repayment of long-term liabilities	-6 780 397	-6 142 553
Cash invested for repayment of long-term liabilities (see note 19)	**-6 780 397**	**-6 142 553**

31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

32.1 **Audit fees**

	2009	2008
Opening balance		-
Current year audit fee	932 630	1 103 680
Amount paid - current year	-932 630	-1 103 680
Amount paid - previous years		
Balance unpaid (included in creditors)		

32.2 **VAT**

VAT inputs receivables and VAT outputs receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.

32.3 **PAYE and UIF**

	2009	2008
Opening balance		-
Current year payroll deductions	16 213 503	14 091 341
Amount paid - current year	-16 213 503	-14 091 341
Amount paid - previous years		-
Balance unpaid (included in creditors)	-	-

32.4 **Pension and Medical Aid Deductions**

	2009 R	2008 R
Opening balance		
Current year payroll deductions and Council Contributions	24 883 611	22 396 022
Amount paid - current year	-24 883 611	-22 396 022
Amount paid - previous years		
Balance unpaid (included in creditors)		

The balance represents pension and medical aid contributions deducted from employees in the monthly payrolls as well as Council's contributions to pension and medical aid funds.

32.5 **Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days during 2008/2009 financial year:

30th June 2009	**Total**	**Outstanding less than 90 days**	**Outstanding more than 90 days**
Councillor B Khumalo	3 563	3 063	500
Councillor KZ Khasi	11 275	10 834	441
Councillor NA Hadebe	3 165	2 539	626
Councillor AD Mazibuko	895	868	27
Councillor ZJ Ndlovu	4 230	3 347	883
Councillor MS Ndlovu	2 757	2 301	455
Councillor JD Mbatha	20 457	20 002	455
Total Councillor Arrear Consumer Accounts	**46 343**	**42 955**	**3 388**
30th June 2008			
Councillor HS Madonsela	2 252	454	1 798
Councillor DO Shabalala	6 197	1 406	4 791
Councillor NA Hadebe	4 785	1 401	3 384
Councillor JR Sibiya	697	454	243
Councillor SJ Zulu	2 871	2 333	538
Councillor WS Nkomzwayo	2 206	1 518	688
Councillor AD Mazibuko	1 089	227	862
Councillor ZJ Ndlovu (7200097)	597	261	337
Councillor ZJ Ndlovu (7004989)	2 770	480	2 290
Councillor PB Mwali	2 052	818	1 234
Councillor JD Mbatha	7 221	870	6 351
Total Councillor Arrear Consumer Accounts	**32 737**	**10 222**	**22 515**

33 CAPITAL COMMITMENTS	**2009 R**	**2008 R**
Commitments in respect of capital expenditure:		
- Approved and contracted for	**-**	**11 435 385**
Infrastructure	-	1 480 630
Community	-	1 598 620
Heritage	-	-
Other	-	8 220 615
Land and Buildings	-	135 520
Investment Properties		
- Approved but not yet contracted for	**166 260 712**	**68 810 000**
Infrastructure	145 035 812	62 900 000
Community	-	-
Heritage	-	-
Other	12 254 900	5 260 000
Land and Buildings	8 970 000	650 000
Investment Properties		
Total	**166 260 712**	**80 245 385**
This expenditure will be financed from:		
- External Loans	16 584 960	17 579 910
- Capital Replacement Reserve	37 434 900	-
- Government Grants	112 240 852	61 638 475
- Own resources	-	-
- District Council Grants	-	1 027 000
	166 260 712	**80 245 385**

34 RETIREMENT BENEFIT INFORMATION

A provision for Post Employment Benefits has been recognised and disclosed (refer to note 4). A report issued in August 2008 from the independent valuators ARCH Actuarial Consulting (Registration: 1998/023194/23) has been used to adjust for this provision.

35 LEASES	**2009**	**2008**
The future minimum lease payments payable under operating leases are as follows:		
Within 1 year	114 429	802 018
In second to fifth year inclusive	-	108 486
Later than 5 years		
	114 429	**910 504**

36 CONTINGENT LIABILITY

36.1 There is a pending case between the Municipality, the Municipal Manager and the Strategic Executive Director: Corporate Services. As the case has not been finalised, hence the probability of its outcome unknown and the values not reasonably quantifiable, no recognition has been made on these financial statements.

36.2 Guarantees for staff housing loans with financial institutions: R0'00 (R32 000: 2008). Staff housing loans have been fully paid.

36.3 Several claims made against Council with regard to damages arising from accidents, etc, have been submitted to Council's insurers for payment thereof. There is no indication that the claims may result in legal claims against the municipality.

37 CONTINGENT ASSET

No contingent assets are noted in 2008/2009 financial year.

38 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix E(1).

39 RELATED PARTIES

Uthukela Water Pty (Ltd): Net Investment value = R37 865 822
The investment in this entity was fully impaired in 2007/2008 as the municipality does not anticipate recovery of this amount nor are the returns on the investment envisaged. The impairment losses were accounted for in the Statement of Financial Performance.

Waste Works Newcastle

The financial statements of Waste Works Newcastle have not been consolidated into the annual financial statements of Newcastle Local Municipality pending the outcome of the liquidation process. These have been separately prepared and presented.

40 RESTATEMENTS	**2009**	**2008**
The following restatements were effected on the 2007/2008 financial statements:		
Capitalisation Reserve (Debit)		4 790 586
Accumulated Surplus (Credit)		4 790 586

In 2007/2008 the Auditor General identified land to the value of R4,790,586 that could not be confirmed for existence or ownership by the municipality. The adjustment was erroneously credited against the Accumulated Surplus in the audited annual financial statements instead of Capitalisation Reserve. 2007/2008 comparative figures against the account balances affected have been restated to correct this error.

Unspent Conditional Grants (Debit)	1 600 000
Other Debtors	1 600 000

A grant of R1600,000 for revenue enhancement that was expected but never received from Deloitte was recognised in 2007/2008. This entry has since been reversed and 2007/2008 financial statements for the account balances affected have been restated.

10. PROPERTY, PLANT AND EQUIPMENT

30th June 2009

Reconciliation of Carrying Value	**Land and Buildings**	**Infrastructure**	**Community**	**Heritage**	**Other**	**Housing Develop. Fund**	**Leased Infrastructure**	**Total**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Carrying values at 1 July 2008	**76 343 534**	**106 501 172**	**11 417 484**	**394 027**	**21 143 880**	**0**	**0**	**215 800 097**
Cost	*94 973 724*	*235 426 756*	*24 303 498*	*394 027*	*95 930 748*	*0*	*0*	*451 028 753*
Correction of error (note 33)								
Revaluation								
Accumulated depreciation	*-18 630 190*	*-128 925 584*	*-12 886 014*	*0*	*-74 786 868*	*0*	*0*	*-235 228 656*
- Cost								
- Revaluation								
Acquisitions	164 544	36 749 130	678 133	0	3 892 632			41 484 439
Capital under Construction								
Increases/decreases in revaluation								
Depreciation	**1 624 296**	**10 377 334**	**1 020 118**	**0**	**4 437 487**	**0**	**0**	**17 459 235**
- based on cost	*1 624 296*	*10 377 334*	*1 020 118*	*0*	*4 437 487*	*0*	*0*	*17 459 235*
- based on revaluation								
Carrying value of disposals	**1 910 891**	**0**	**0**	**0**	**0**	**0**	**0**	***1 910 891***
Cost/revaluation	*2 226 281*							*2 226 281*
Accumulated depreciation	*-315 390*							*-315 390*
Carrying values at 30 June 2009	**72 972 893**	**132 872 969**	**11 075 499**	**394 027**	**20 599 023**	**0**	**0**	**237 914 411**
Cost	*92 911 988*	*272 175 886*	*24 981 631*	*394 027*	*99 823 378*			*490 286 910*
Revaluation								
Accumulated depreciation	*-19 939 095*	*-139 302 917*	*-13 906 132*		*-79 224 355*			*-79 224 355*

30 th June 2008								
Reconciliation of Carrying Value	**Land and Buildings**	**Infrastructure**	**Community**	**Heritage**	**Other**	**Housing Develop. Fund**	**Leased Infrastructure**	**Total**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Carrying values at 1 July 2007	**90 047 327**	**97 266 974**	**12 243 862**	**394 027**	**25 430 704**	**0**	**0**	**225 382 894**
Cost	*107 821 632*	*213 794 555*	*24 022 632*	*394 027*	*92 905 129*	*0*	*0*	*451 028 752*
Correction of error (note 33)	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Revaluation	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Accumulated depreciation	*-17 774 305*	*-116 527 581*	*-11 778 770*	*0*	*-67 474 425*	*0*	*0*	*-235 228 656*
- Cost	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
- Revaluation	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Acquisitions	2 887 090	21 632 201	280 866	0	3 068 342			27 868 499
Capital under Construction	0	0	0	0	0			0
Increases/decreases in revaluation	0	0	0	0	0			0
Depreciation	**2 117 140**	**12 398 003**	**1 107 244**	**0**	**7 355 166**	**0**	**0**	**22 977 553**
- based on cost	*2 117 140*	*12 398 003*	*1 107 244*		*7 355 166*			*22 977 553*
- based on revaluation								
Carrying value of disposals	1 737 410	0	0	0	0	0	0	*1 737 410*
Cost/revaluation	*1 737 410*				*42 844*			*1 780 254*
Accumulated depreciation	*0*				*-42 844*			*-42 844*
Carrying value of Land and Buildings removed as per audit findings	12 736 333	0	0	0	0	0	0	*12 736 333*
Cost/revaluation	*13 997 588*							*13 997 588*
Accumulated depreciation	*-1 261 255*							*-1 261 255*
Impairment losses								
Other movements - adjustments after audit								
	76 343 534	106 501 172	11 417 484	394 027	21 143 880	0	0	215 800 097
Carrying values at 30 June 2008	**76 343 534**	**106 501 172**	**11 417 484**	**394 027**	**21 143 880**	**0**	**0**	**215 800 097**
Cost	*94 973 724*	*235 426 756*	*24 303 498*	*394 027*	*95 930 748*	*0*	*0*	*451 028 753*
Revaluation								*0*
Accumulated depreciation	*-18 630 190*	*-128 925 584*	*-12 886 014*	*0*	*-74 786 868*	*0*	*0*	*-235 228 656*

NEWCASTLE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

ANNEXURE A
EMPLOYEE RELATES COSTS FOR SENIOR MANAGEMENT

30 June 2009

	Municipal Manager	Chief of Operations	SED: Financial Services	SED: Technical Services	SED: Corporate Services	SED: Community Services	Manager Internal Audit	SED: Development and Planning
Annual Remuneration	583 169	477 006	442 303	482 703	464 386	504 905	469 150	554 802
Performance Bonuses	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	24 000	-	-	-	
Car, Entertainment and Telephone Allowance	136 000	120 000	175 000	129 125	138 000	180 000	180 000	120 000
Contributions to UIF, Medical and Pension Funds	75 753	31 134	81 232	62 172	96 149	13 631	-	23 733
Total	**794 922**	**628 140**	**698 535**	**698 000**	**698 535**	**698 535**	**649 150**	**698 535**

30 June 2008

	Municipal Manager	Deputy Municipal Manager	CFO	Infrastrucutral Services	Administration Services	Community Services	Human Resources	Town Planning	Economic Development	Culture and Recreational Amenities
Annual Remuneration	584 875	382 318	322 134	215 648	305 921	113 066	114 835	160 769	305 921	275 605
Performance Bonuses	-	-	-	-	22 875	19 616	20 766	22 875	22 875	22 875
Housing Allowances		-	2 969	-	4 453	1 484	1 856	2 598	4 453	4 453
Car, Entertainment and Telephone Allowance	102 083	110 000	138 656	112 000	138 108	17 401	50 563	80 563	138 108	111 240
Contributions to UIF, Medical and Pension Funds	83 859	101 556	99 967	19 000	114 435	29 102	39 815	63 909	111 143	96 051
Total	**770 818**	**593 874**	**563 727**	**346 647**	**585 793**	**180 669**	**227 835**	**330 714**	**582 501**	**510 225**

APPENDIX A
NEWCASTLE LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30-Jun-07	Received during the period	Redeemed written off during the period	Balance at 30-Jun-08	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS - DBSA								
DBSA @ 9.26%	101965.1	30/06/2015	13 105 635		1 404 371	11 701 264		
DBSA @ 9.10%	101965.2	30/06/2010	470 199		224 645	245 554		
DBSA @ 9.31%	102322.1	30/06/2011	2 167 280		657 773	1 509 507		
DBSA @ 9.40%	102322.2	30/06/2013	6 067 736	966 244	1 001 703	6 032 277		
DBSA @ 9.45%	102322.3	30/06/2016	1 871 391	448 737	165 665	2 154 463		
DBSA @ 9.37%	102322.4	30/06/2021	16 600 339	911 261	696 431	16 815 169		
DBSA @ 9.10%	102653.1	31/12/2011	18 988 306		895 830	18 092 476		
DBSA @ 9.20%	102653.2	30/06/2012	999 137	1 289 923	188 502	2 100 558		
DBSA @ 11.64%	103131 2	30/06/2016		3 200 000		3 200 000		
DBSA @ 13.74%	103131.3	30/06/2018	2 445 296		68 908	2 376 388		
DBSA @ 13.65%	103131.4	30/06/2023	3 006 664	1 906 080	41 017	4 871 727		
DBSA @ 13.64%	103131.5	30/06/2028	847 665		6 171	841 494		
DBSA @ 11.23%	103462 1	31/12/2014		780 989		780 989		
DBSA @ 11.34%	103462 2	31/12/2016		732 220		732 220		
DBSA @ 11.43%	103462 3	31/12/2025		5 229 888		5 229 888		
DBSA @ 11.35%	103462 4	30/06/2029		1 369 335		1 369 335		
Total long-term loans			**66 569 648**	**16 834 677**	**5 351 016**	**78 053 309**	**-**	**-**
ANNUITY LOAN								
						-		
GOVERNMENT LOANS								
- Other @2-5%								
Total Government Loans			**-**	**-**	**-**	**-**	**-**	**-**
LEASE LIABILITY								
Motor Vehicles		30/06/2010	910 505		796 076	114 429		
TOTAL EXTERNAL LOANS			**67 480 153**	**16 834 677**	**6 147 092**	**78 167 738**	**-**	**-**

APPENDIX B
NEWCASTLE LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land	57 035 490	160 154		2 226 281	54 969 363	2 549 602			2 549 602	**52 419 762**
Buildings	37 938 235	4 390			37 942 624	16 080 588	1 624 296	315 390	17 389 494	**20 553 131**
	94 973 725	**164 544**	**-**	**2 226 281**	**92 911 988**	**18 630 190**	**1 624 296**	**315 390**	**19 939 096**	**72 972 892**
Infrastructure Assets										
Airports	262 520				262 520	91 882	13 126		105 008	**157 512**
Roads	160 460 299	27 169 411			187 629 710	79 003 360	7 689 481		86 692 841	**100 936 869**
Electricity	59 494 301	7 588 196			67 082 496	39 847 709	1 977 914		41 825 624	**25 256 873**
Water	304 336	1 040 880			1 345 216	271 724	19 670		291 395	**1 053 821**
Sewerage	237 645	950 643			1 188 288	219 906	2 953		222 859	**965 429**
Service Connections	14 667 315				14 667 315	9 490 951	674 173		10 165 123	**4 502 192**
Reseviours and Tanks	340				340	51	17		68	**272**
	235 426 756	**36 749 129**	**-**	**-**	272 175 886	**128 925 584**	**10 377 334**	**-**	139 302 917	**132 872 968**
Community Assets										
Security System	2 580 205	121 515	-		2 701 720	2 267 605	100 571	-	2 368 175	**333 545**
Dams	21 492	-	-		21 492	14 328	1 433	-	15 761	**5 731**
Libraries	2 621 336	168 994	-		2 790 330	1 910 765	53 681	-	1 964 446	**825 884**
Parks and Gardens	425 673	-	-		425 673	273 582	16 348	-	289 930	**135 743**
Recreation Facilities	5 816 616	57 329	-		5 873 945	3 051 341	258 453	-	3 309 794	**2 564 151**
Cemeteries	999 518	312 325	-		1 311 843	346 829	52 920	-	399 749	**912 094**
Community Centres	11 838 657	17 971	-		11 856 628	5 021 564	536 713	-	5 558 277	**6 298 351**
	24 303 498	**678 133**	**-**	**-**	24 981 631	**12 886 014**	**1 020 118**	**-**	13 906 132	**11 075 498**
Heritage Assets										
Painting & Art Galleries	292 779	-	-	-	292 779	-	-	-	-	**292 779**
Historical Buildings	84 737	-	-	-	84 737	-	-	-	-	**84 737**
Museums	16 511	-	-	-	16 511	-	-	-	-	**16 511**
	394 027	**-**	**-**	**-**	394 027	-	-	-	-	**394 027**
Other Assets										
Buildings other	162 576	-	-	-	**162 576**	10 838	8 128	-	**18 966**	**143 610**
Office Equipment	15 316 185	283 867	-	-	**15 600 052**	13 684 420	496 598	-	**14 181 018**	**1 419 034**
Motor vehicles	28 198 020	1 488 291		-	**29 686 311**	17 521 340	1 772 968		**19 294 308**	**10 392 003**
Plant and Equipment	15 062 883	-	-	-	**15 062 883**	12 761 627	523 293	-	**13 284 920**	**1 777 963**
Furniture and Fittings	4 376 493	377 485	-	-	**4 753 978**	3 633 498	188 023	-	**3 821 521**	**932 457**
Bins and Containers	4 278 387	343	-	-	**4 278 730**	2 748 185	487 528	-	**3 235 713**	**1 043 017**
Emergency Equipment	1 448 463	-	-	-	**1 448 463**	1 419 094	10 257	-	**1 429 351**	**19 112**
Other	27 087 741	1 742 647	-	-	**28 830 388**	23 007 866	950 692	-	**23 958 559**	**4 871 830**
	95 930 748	**3 892 633**	**-**	**-**	**99 823 381**	**74 786 868**	**4 437 487**	**-**	**79 224 355**	**20 599 026**
Total	**451 028 754**	**41 484 440**	**-**	**2 226 281**	**490 286 912**	**235 228 656**	**17 459 235**	**315 390**	**252 372 501**	**237 914 411**

APPENDIX C
NEWCASTLE LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost					Accumulated Depreciation				Carrying
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
Executive & Council	24 519 981	867 269	-	-	25 387 250	9 973 953	1 301 483	-	11 275 436	14 111 814
Finance & Admin	36 646 961	105 108	-	-	36 752 069	21 010 548	1 760 755	-	22 771 303	13 980 766
Planning & Development	40 576 122	30 904	-	-	40 607 026	10 810 651	914 404	-	11 725 054	28 881 971
Health	3 931 412		-	-	3 931 412	2 076 211	181 790	-	2 258 001	1 673 411
Community & Social Services	47 331 227	677 188	-	-	48 008 414	15 352 295	1 192 572		16 544 868	31 463 546
Housing	8 427 950		-	2 226 281	6 201 669	1 162 567	392 221	315 390	1 239 398	4 962 271
Public Safety	10 837 679	86 566	-	-	10 924 245	7 294 205	350 418	-	7 644 623	3 279 622
Sport & Recreation	14 112 996	40 505	-	-	14 153 501	11 025 555	506 523		11 532 078	2 621 422
Environmental Protection	167 086		-	-	167 086	49 950	2 885	-	52 835	114 251
Waste Water Management	2 191 811	1 991 523	-	-	4 183 335	977 820	119 942	-	1 097 762	3 085 572
Waste Management	24 796 961	1 071 712	-	-	25 868 673	15 731 828	1 728 713.10		17 460 541	8 408 132
Road Transport	144 622 081	27 435 291	-	-	172 057 372	70 507 097	6 190 344		76 697 441	95 359 931
Water	475 630		-	-	475 630	455 220	22 426		477 646	-2 016
Electricity	80 614 206	9 018 220	-	-	89 632 427	58 595 118	2 451 020		61 046 138	28 586 289
Other	11 776 650	160 154	-	-	11 936 804	10 205 638	343 738		10 549 376	1 387 428
	-				-	-			-	-
TOTAL	**451 028 752**	**41 484 440**	**-**	**2 226 281**	**490 286 911**	**235 228 656**	**17 459 235**	**315 390**	**252 372 500**	**237 914 411**

APPENDIX D
NEWCASTLE LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus / (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2 009 Surplus / (Deficit) R
228 245 305	106 416 218	**121 829 087**	***Executive & Council***	227 088 316	128 796 703	98 291 612
12 738 460	32 893 289	**-20 154 830**	**Finance & Admin**	35 634 299	54 573 218	-18 938 919
3 726 119	12 727 265	**-9 001 146**	**Planning & Development**	2 867 077	12 508 976	-9 641 899
745 822	2 658 366	**-1 912 544**	**Health**	1 928 859	3 617 561	-1 688 702
4 140 625	12 673 761	**-8 533 136**	**Community & Social Services**	2 962 044	12 947 373	-9 985 329
5 746 767	12 539 647	**-6 792 880**	**Housing**	3 858 874	10 435 602	-6 576 728
4 128 583	18 457 170	**-14 328 587**	**Public Safety**	5 884 068	21 706 902	-15 822 834
816 926	16 458 375	**-15 641 449**	**Sport & Recreation**	10 655 831	32 058 729	-21 402 898
25 754	259 585	**-233 831**	**Environmental Protection**	404	411 475	-411 071
70 715 838	35 424 014	**35 291 824**	**Waste Water Management**	87 808 415	28 696 522	59 111 893
54 836 650	57 781 930	**-2 945 280**	**Waste Management**	59 714 925	48 852 629	10 862 296
11 956 413	39 591 511	**-27 635 098**	**Road Transport**	32 353 984	64 667 671	-32 313 686
102 872 674	176 638 790	**-73 766 116**	***Water***	122 656 299	149 580 608	-26 924 309
190 658 609	153 117 070	**37 541 539**	**Electricity**	245 543 727	195 521 101	50 022 626
1 993 084	4 043 824	**-2 050 740**	**Other**	1 584 388	3 630 216	-2 045 828
		-				-
693 347 628	**681 680 815**	**11 666 813**	**Sub Total**	**840 541 510**	**768 005 287**	**72 536 223**
		-	**Less Inter-Dep Charges**			-
693 347 628	**681 680 815**	**11 666 813**	**Total**	**840 541 510**	**768 005 287**	**72 536 223**

APPENDIX E(1)
NEWCASTLE LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	158 959 934	158 509 640	450 294	0.28%	
Property rates - penalties imposed and collection charges	4 463 741	3 784 900	678 841	17.94%	Arrear rates payments escalated
Service charges	448 022 557	440 399 012	7 623 545	1.73%	
Regional Services Levies - turnover	0	-	0	0.00%	
Regional Services Levies - remuneration	0	-	0	0.00%	
Rental of facilities and equipment	3 560 912	3 609 160	-48 248	-1.34%	
Interest earned - external investments	32 220 128	8 406 540	23 813 588	283.27%	Increase in interest return
Interest earned - outstanding debtors	1 464 475	1 278 210	186 265	14.57%	Revised budget
Dividends received	0	-	0	0.00%	
Fines	3 852 919	4 476 890	-623 971	-13.94%	
Licences and permits	202 789	218 640	-15 851	-7.25%	
Income for agency services	50 353	45 000	5 353	11.89%	Personnel debit order deductions in relation to insurance premiums increased participation
Government grants and subsidies	185 576 076	206 831 278	-21 255 202	-10.28%	Departmental grant expenditure not according to business plan
Other income	2 167 627	1 969 160	198 467	10.08%	
Public contributions, donated/contributed PPE	0	-	0	0.00%	
Gains on disposal of property, plant and equipment	0	-	0	0.00%	
Total Revenue	***840 541 510***	***829 528 430***	***11 013 080***	1.33%	
EXPENDITURE					
Executive & Council	128 796 703	149 976 406	21 179 703	14.12%	Under expenditure on personnel expenses, grants, training and consultants.
Finance & Admin	54 573 218	63 040 330	8 467 112	13.43%	Under expenditure on personnel expenses, grants, training and consultants.
Planning & Development	12 508 976	24 084 810	11 575 834	48.06%	Under expenditure on personnel expenses, grants, training and consultants.
Health	3 617 561	6 549 952	2 932 391	44.77%	Under expenditure on personnel expenses, general expenditure and maintenance
Community & Social Services	12 947 373	15 991 749	3 044 376	19.04%	Under expenditure on personnel expenses, general expenditure and maintenance
Housing	10 435 602	11 584 264	1 148 662	9.92%	
Public Safety	21 706 902	28 497 495	6 790 593	23.83%	Under expenditure on repairs, maintenance and grant reserve
Sport & Recreation	32 058 729	29 487 381	-2 571 348	-8.72%	
Environmental Protection	411 475	382 820	-28 655	-7.49%	
Waste Management	48 852 629	61 340 165	12 487 536	20.36%	Under expenditure on personnel expenses, government grant reserve less reallocated
Road Transport	64 667 671	88 237 140	23 569 469	26.71%	Under expenditure on personnel expenses, general expenditure and maintenance
Waste Water Management	28 696 522	48 091 330	19 394 808	40.33%	Under expenditure on indigent benefits, maintenance and VIP toilets
Water	149 580 608	166 105 040	16 524 432	9.95%	
Electricity	195 521 101	217 331 440	21 810 339	10.04%	Under expenditure on personnel and electricity bulk purchases
Other	3 630 216	6 095 212	2 464 996	40.44%	Under expenditure on personnel expenses, general expenditure and maintenance
Total Expenditure	***768 005 287***	***916 795 534***	***148 790 247***	***16.23%***	
NET SURPLUS/(DEFICIT) FOR THE YEAR	***72 536 223***	***-87 267 104***	***159 803 327***	***-183.12%***	

APPENDIX E(2)
NEWCASTLE LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual Additions	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	867 269		867 269	1 532 390	665 121	43%	Work in progress. Budget rolled over to 2009/2010
Finance & Admin	105 108		105 108	111 739	6 631	6%	Savings on CAPEX
Planning & Development	30 904		30 904	5 052 840	5 021 936	99%	Project Manager resigned and this caused delays in implementing projects
Community & Social Services	677 188		677 188	3 516 447	2 839 259	81%	Dispute in land for cemetries
Housing	-		-		-	0%	
Public Safety	86 566		86 566	95 234	8 668	9%	
Sport & Recreation	40 505		40 505	531 583	491 078	92%	Grant received late
Environmental Protection	-		-		-	0%	
Waste Water Management	1 991 523		1 991 523		-1 991 523	100%	Allocation
Waste Management	1 071 712		1 071 712	5 725 660	4 653 948	81%	Challenges in identifacation of lanffil site
Road Transport	27 435 291		27 435 291	65 293 260	37 857 969	58%	Work in progress. Budget rolled over to 2009/2010
Electricity	9 018 220		9 018 220	8 809 048	-209 172	-2%	
Other	160 154		160 154		-160 154	100%	
TOTAL	**41 484 440**	**-**	**41 484 440**	**90 668 201**	**49 183 761**	**54%**	

APPENDIX F

NEWCASTLE LOCAL MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Account Code	Directorate	CONDITIONAL GRANTS AND RECEIPTS	Funder	Opening Balance 01/07/2008	Transfers	Grants Received Year to Date	OPEX (Operating Expenditure)	CAPEX (Capital Expenditure)	Balance at 30 June 2009
952044	**Administration**	Committee Structure	DC25	-97 780.00					**-97 780.00**
952075		NC WINTER FESTIVAL - SHOW HALL	NC WINTER FESTIVAL	-1 066.60				936.18	**-130.42**
952083		Ward Committee Establishment	CMTP	-169 329.67			155 409.50		**-13 920.17**
952084		CMTP Automation PMS	CMTP	-300 492.24	(217 338.17)		446 677.32		**-71 153.09**
952007		Cleanest Town	DPLG	-5 155.65		(250 000.00)			**-255 155.65**
952008		Management Assesment Programme MAP	DPLG	-2 000 000.00		(100 000.00)			**-2 100 000.00**
952011	**Community & CRA**	Upgrade existing cemetries	Amaj DM	-100 433.00					**-100 433.00**
952016		Construction/upgrade sport/ recreation facility	KZN Sport			(375 000.00)			**-375 000.00**
952139		Mad Library Internet Proj	KZN ART CULT	-79 202.00			59 399.00		**-19 803.00**
952239		Osiz Library Internet Proj	KZN ART CULT	-79 202.00			59 399.00		**-19 803.00**
952249		Osiz Library Extension	KZN ART CULT	-138 126.40	143.98			65 628.70	**-72 353.72**
952013		Sct Lib Headcount System	KZN ART CULT			(60 954.00)	14 779.00	40 505.00	**-5 670.00**
952015		New Library Internet Proj	KZN ART CULT			(85 500.00)			**-85 500.00**
952151		Mad Lib Headcount System	KZN ART CULT			(60 954.00)	14 779.00	40 505.00	**-5 670.00**
952238		Osiz Lib Headcount System	KZN ART CULT			(60 853.38)	14 779.00	40 505.00	**-5 569.38**
952105		Aircon	KZN ART CULT		(15.99)	(11 313.40)	11 329.39		**0.00**
952253		Aircon	KZN ART CULT		(15.99)	(11 313.40)	11 329.39		**0.00**
952043		Service Provider Waste	DC25	-86 250.00					**-86 250.00**
952064		Emergency Control Room	Amaj DM	-6 347.26					**-6 347.26**
952135		Roads & Streets	KZN PA Traffic	-25 476.79					**-25 476.79**
952135		MAD Landfill	DPLG	-2 190 942.54					**-2 190 942.54**
952135		Traffic Signals	DC25	-91 365.39					**-91 365.39**
952235		Traffic Signals	DC25	-91 365.39					**-91 365.39**
952035		Primary H/Care Facility	KZN Dept. Healyh	-38.37					**-38.37**
952057		Fort Amiel	Public Don	-6 654.00			2 857		**-3 797.00**
952235		Osi Cricket Oval	United Cricket Board SA	-589.81					**-589.81**

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952237		Osiz Library Furniture	KZNPLi		(112.00)	(196 014.60)		196 126.60	**0.00**
952245		Osizweni Cricket - Abultion	Nat. Lottery	-3 322.00					**-3 322.00**
952073	**Economic Development.**	Poverty alleviation	DC25	-73 944.41	(14 888.86)		88 833.27		**0.00**
952014		Newcastle Call Center			(10 023.29)	(1 388 521.62)	1 398 544.91		**0.00**
952086		Soya Milk Factory	Amaj DM	-30 000.00					**-30 000.00**
952039		Fernwood Hydrophoni	DPLG	0.00					**0.00**
952076		Hawker shelters	DPLG	-120 000.00	(5 941.44)		125 941.44		**0.00**
952078		Ctu Support	Amaj DM	0.00					**0.00**
952081		KENAF feasibility	DC25	0.00					**0.00**
952082		LED Strategy	CMTP	-760.02					**-760.02**
952241		LED	DPLG	-993 801.25					**-993 801.25**
952243		Osizweni Depot Cluster	IDP	-27 000.00					**-27 000.00**
952046		Municipal Administration System	DC25	-182 500.00					**-182 500.00**
952087		Markerting Strategy	Deloitte	-200 000.00			193 816.00		**-6 184.00**
952088	**Finance**	Revenue enhancement	Deloitte	-400 000.00			778 901.47		**378 901.47**
952035	**Housing**	Iscor illegal occupation	DC25	-55 044.29					**-55 044.29**
952042		Service Provider Housing	DC25	-70 000.00					**-70 000.00**
952069		Housing - Fairleigh Flats	KZN	-312 544.69					**-312 544.69**
952244		Repair/Construct Stormwater	Housing Dep	-115 000.00					**-115 000.00**
952065	**Human Resources**	Skills Development	DPLG	-747 905.66		(181 583.15)	45 500.00		**-883 988.81**
952035		Law Course	Advance Work Place	0.00		-			**0.00**
952074		Community Development Worker	DLGTA	-7 329.38			1 762.74		**-5 566.64**
952005	**IDP/PMS Office**	IDP	DPLG	-200 000.00					**-200 000.00**
952040		Performance Management	DPLG	-195 186.90	150 000.00	(400 000.00)			**-445 186.90**
952041		IDP Review	DC25	-74 885.85	67 338.17				**-7 547.68**
952147	**Infrastrucural Services**	MAD 4 Link Bridge	MIG	-1 259 255.58	(508 467.62)			743 103.34	**-1 024 619.86**

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952010		MIG	MIG	(8 690 020.24)	29 308 878.04	(34 324 000.00)	5 850 407.24		**(7 854 734.96)**
952940		BR1 Access Road	CMIP	-590 174.25					**-590 174.25**
952942		BR10 Access Road	MIG	-8 299.55					**-8 299.55**
952943		BR11 Access Road	MIG	-251 090.03					**-251 090.03**
952944		BR12 Access Road	MIG	-215 635.00					**-215 635.00**
952951		JR3 Access Road	MIG	-158 519.28	(1 340 851.17)			1 340 851.17	**-158 519.28**
952952		JR4 Access Road	MIG		(1 801 117.33)			249 950.28	**-1 551 167.05**
952149		Mad Urban Access Road	MIG		(14 429 245.46)			14 429 245.46	**0.00**
952150		Roads Reseal Mad	MIG	0.00					**0.00**
952250		DICKS RD	MIG		(3 363 348.32)			3 363 348.32	**0.00**
952251		OSIZ URBAN ACCESS RD	MIG		(6 481 741.10)			4 373 863.48	**-2 107 877.62**
952950		JR2 ACCESS ROAD	MIG		(906 653.92)			906 653.92	**0.00**
952949		JR1 Access rd	MIG		(311 022.76)			311 022.76	**0.00**
952252		Roads Reseal Osiz	MIG	0.00					**0.00**
952068		Project Management Unit (PMU)	MIG	-4 117 427.17	(166 430.36)			16 204.76	**-4 267 652.77**
952445		Electricity	Township Developers	0.00					**0.00**
952012		Building Sustainable Tech Capacity	DLGTA	-500 000.00					**-500 000.00**
952436		Intergration into Prop REDs	DpLG	-150 000.00					**-150 000.00**
952437		Electrification Program KwaMathukuza	DME	-694 262.32				666 606.53	**-27 655.79**
952060	**Municipal Manager**	Transformation	DPLG	-259 304.31			9 135.00	202 897.20	**-47 272.11**
952135		Social Plan Fund	DPLG	-50 000.00					**-50 000.00**
952085		Ward Committee Induct Training	DLGTA	-46 500.00					**-46 500.00**
952047	**Town Planning**	Spatial Development	DLGTA	-50 000.00		-100 000.00			**-150 000.00**
952058		GIS Capacity Building	DLGTA	-50 000.00				37 631.99	**-12 368.01**
952059		Town Planning Building	DLGTA	-474.07					**-474.07**
952247		Urban Renewal Programme	DLGTA	-1 516 214.42				160 154.47	**-1 356 059.95**
952054		Capacity Building	DLGTA	-23.79					**-23.79**

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Account Code	Directorate	CONDITIONAL GRANTS AND RECEIPTS	Funder	Opening Balance 01/07/2008	Transfers	Grants Received Year to Date	OPEX (Operating Expenditure)	CAPEX (Capital Expenditure)	Balance at 30 June 2009
952079		ID Verification Assets	DWAF	-272 194.58					**-272 194.58**
952152		Corridor Development				(10 000 000.00)			**-10 000 000.00**
952447		WATER SERVICE AND DELIVERY MEC	DPLG	-7 581.74					**-7 581.74**
952038		Flood Disaster	DWAF	-44 492.49					**-44 492.49**
		TOTAL		**(28 210 510.38)**	**(30 853.59)**	**(47 606 007.55)**	**9 283 579.67**	**27 185 740.16**	**(39 378 051.69)**
Account Code		**UNCONDITIONAL GRANTS AND RECEIPTS**		**Balance at 01/07/2008**		**Contribution during the year**	**OPEX (Operating Expenditure)**	**CAPEX (Capital Expenditure)**	**Balance at 30 April 2009**
952035		NATIONAL TREASURY - EQUITABLE SHARE	NT	(635 184.72)			19 834.00	535 238.43	**-80 112.29**
952035		NATIONAL TREASURY - EQUITABLE SHARE	NT	(150 000.00)					**-150 000.00**
952050	**Finance**	Financial Management Grant	NT	-2 479 775.28		(500 000.00)	696 599.87		**-2 283 175.41**
952035		UMZINYATHI	DPLG	(1 321 735.65)		(440 206.05)			**-1 761 941.70**
				(4 586 695.65)	**-**	**(940 206.05)**	**716 433.87**	**535 238.43**	**(4 275 229.40)**
Account Code		**HOUSING AGENCY**		**Balance at 01/07/2008**		**Contribution during the year**	**OPEX (Operating Expenditure)**	**CAPEX (Capital Expenditure)**	**Balance at 30 June 2009**
952141		DEPT HOUSING MAD/OSIW UPGRADE HOUSING		(2 793 161.58)		(270 634.97)	1 148 907.00		**(1 914 889.55)**
952009		KZN HOUSING		(50 000.00)					**(50 000.00)**
952080		D HOUSING - KWAMTHUKUSA HOUSING		(10 864 826.88)		(2 106 572.72)	1 234 591.00		**(11 736 808.60)**
952136		MADADENI OZ DISASTER		(17 979.80)					**(17 979.80)**
952138		KZN HOUSING		35 121.28	(35 121.30)		0.02		**(0.00)**
952236		KZN HOUSING		(3 061 704.86)	35 121.30		2 456 091.19		**(570 492.37)**
				(16 752 551.84)	**-**	**(2 377 207.69)**	**4 839 589.21**	**-**	**(14 290 170.32)**
				(49 549 757.87)	**(30 853.59)**	**(50 923 421.29)**	**14 839 602.75**	**27 720 978.59**	**(57 943 451.41)**

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Account Code	Directorate	CONDITIONAL GRANTS AND RECEIPTS	Funder	Opening Balance 01/07/2008	Transfers	Grants Received Year to Date	OPEX (Operating Expenditure)	CAPEX (Capital Expenditure)	Balance at 30 June 2009
Account Code		**WATER & SEWER**		**Balance at 01/07/2008**		**Contribution during the year**	**OPEX (Operating Expenditure)**	**CAPEX (Capital Expenditure)**	**Balance at 30 June 2009**
983052		Sewer MAD JV6941	DPLG	**(11 875.22)**	**16.00**				**(11 859.22)**
983053		Toilets Comm HJV6942	DPLG	**16.00**	**(16.00)**				**-**
983053		Sewer Osizw JV6942	ZNPA LG&H	**1 596 216.00**					**1 596 216.00**
983050				**(320 568.37)**	**(700 000.00)**		**694 016.00**		**(326 552.37)**
983055		Water Reticulation MAD	CMIP	**(171 434.24)**	**171 434.24**				**-**
983056		W LOSS MANAGE JV6943	CMIP	**(57 798.23)**	**9 308.00**				**(48 490.23)**
983057		Repair sewer pump Iscor Flats		**(2 000.00)**					**(2 000.00)**
983059		KwaMathukuza Bulk Water		**(157 900.42)**	**100 000.00**				**(57 900.42)**
983061		Water Service delivery plan	DTLG	**(211 372.20)**					**(211 372.20)**
983063		Water Reticulation Blaaubotcsh	Amaj DM	**(1 284 757.12)**					**(1 284 757.12)**
983064		Water Reticulation Osizweni	CMIP	**(419 257.76)**	**419 257.76**				**-**
983065		Assessement WSDP	DPLG	**(50 000.00)**					**(50 000.00)**
983066		Assessement WDM	DPLG	**(250 000.00)**					**(250 000.00)**
983067		WC WDM	DWAF	**(462 000.00)**			**38 870.85**		**(423 129.15)**
983068		Osizweni F Phase1 Sewer	KZN Housing	**(794 598.21)**					**(794 598.21)**
983241		Drought Relief	DWAF	**(109 637.63)**					**(109 637.63)**
983242		Water Treatment	DWAF	**(6 273 107.84)**		**(7 000 000.00)**	**3 156 583.78**		**(10 116 524.06)**
				(8 980 075.24)	**-**	**(7 000 000.00)**	**3 889 470.63**	**-**	**(12 090 604.61)**
		TOTAL		**(58 529 833.11)**	**(30 853.59)**	**(57 923 421.29)**	**18 729 073.38**	**27 720 978.59**	**(70 034 056.02)**